GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:465
ANSWERED ON:19.04.2001
WTO IN AGRICULTURE
BODAKUNTI VENKATESHWARLU

Will the Minister of AGRICULTURE be pleased to state:

(a) whether any action plan has been drawn up to face the challenges of globalisation and WTO competition in Agriculture infrastructure;

(b) if so, the details thereof; and

(c) the public investments proposed to achieve a 4% farm sector growth rate?

Answer

MINISTER OF AGRICULTURE (SHRI NITISH KUMAR)

(a) to (c) : A statement is laid on the Table of the Sabha.

THE STATEMENT REFFERED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 465 DUE FOR REPLY ON 19.04.2001.

(a)&(b): Government of India has recently announced the National Agriculture Policy which addresses the challenges arising out of economic liberalization and globalisation. The National Agriculture Policy seeks to actualize the vast untapped growth potential of Indian agriculture, strengthen rural infrastructure to support faster agricultural development, promote value addition, secure a fair standard of living for farmers and agricultural workers, and effectively face the challenges of the new era. A detailed action plan for implementation of the National Agriculture Policy is being developed through inter-ministerial interaction. In the meanwhile, several measures have been initiated to enhance the competitiveness of Indian agriculture, and to enhance the efficiency of agriculture and increase production and productivity, which lie at the core of the strategy to face the challenges of globalization. Some of the recent initiatives are listed below:-

? Launching of the Macro Management Mode to promote region-specific agricultural planning and development.

? Launching of a Technology Mission for Integrated Development of Horticulture in the North Eastern region.

? Formulation of a Programme for On-Farm Water Management to exploit ground-water resources in Eastern India.

? Operationalisation of a Technology Mission on Cotton.

? Effective implementation of the National Watershed Development Project for Rainfed Areas.

? Implementation of the National Agriculture Insurance Scheme.

? Increasing the availability of farm credit through the Kissan Credit Card Scheme, and by ensuring that 18% of net bank credit is earmarked for agriculture.

? Expansion of the Rural Infrastructure Development Fund and lowering of the interest rate.

? Provision of capital subsidy for construction, modernization and expansion of storages and cold storages.

? Formulation of a new subsidy-linked scheme for establishment of rural godowns.

? Promotion of the food processing industry and value addition in agriculture through excise exemptions and other interventions.

? Provision of a facilitative climate for agriculture exports, inter alia, through establishment of agri-export zones.

? Reforms in seeds sector legislation and procedures to provide a facilitative climate for investment, besides enhancing seed replacement rates.

While initiating a package of measures to enhance economic efficiency and competitiveness of domestic agriculture, Government are committed to protecting Indian farmers from dumping of agricultural surpluses by developed countries, as well as from other adverse consequences of the WTO regime. Several instruments to this end are available at our disposal, such as import duties, which have been comprehensively enhanced during the past year, anti-dumping and countervailing duties, safeguard measures and sanitary and phyto-sanitary standards which can be used to protect domestic interests.

During the on-going negotiations under the Agreement on Agriculture of WTO, foodsecurity of our people, protection of domestic farmers and their livelihood, as well as export maximization, are the guiding principles. India`s initial negotiating proposals, submitted to WTO in January 2001, broadly aim at:

? Increasing the flexibility enjoyed by developing countries by creation of a `Food Security Box` for providing domestic support to the agriculture sector under the special and differential provisions, as also further strengthening of trade defence mechanisms with a view to ensuring food security and to take care of livelihood concerns.

? Demanding substantial and meaningful reductions in tariffs including elimination of peak tariff and tariff escalation, substantial reductions in domestic support and elimination of domestic subsidies by developed countries so as to get meaningful market access opportunities.

(c): In order to achieve a growth rate increase of 4%, over the next two decades as envisaged in the National Agriculture Policy, it is estimated that investment to the tune of around Rs.30,000 crore (at `93-94 prices) would be required in the year 2007-08 (i.e. by the end of X Five Year Plan). This estimate is based on assumption of an Incremental Capital Output Ratio (ICOR) of 1.57 which has been worked out on the basis of average of Gross Fixed Capital Formation and averageof increase in value of agricultural output during 1993-94 to 1998-99. The level of investment has been calculated by applying this ICOR on increase in the value ofoutput over the successive years. In order to step up capital investment in the agriculture sector, the Government is, interalia, implementing the following Schemes:-

? Accelerated Irrigation Benefit Programme (AIBP) initiated in the year1996-97 for providing assistance to the States by way of loan for timely completion of selected large and multi-purpose irrigation projects.

? Rural Infrastructure Development Fund (RIDF) within the National Bank for Agriculture and Rural Development established during the year 1995- 96. The RIDF corpus is to be increased from Rs.4500 crore to Rs.5000crore and interest rate will be lowered from 11.5% to 10.5%.

? National Watershed Development Project for Rainfed Areas (NWDPRA)launched during the year 1990-91 for a holistic and sustainable development of vast rainfed areas. In addition, Watershed Development Fund has been created with a corpus of Rs.200 crore.

? Capital Subsidy Scheme for construction, modernization and expansion of storages and cold storages.